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Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 ACDA-19 IO-14 CAB-09 COME-00 FAA-00

DOTE-00 INT-08 SCEM-02 DRC-01 OMB-01 CEA-02 TRSE-00

/170 W
---------- 117555
R 292034Z NOV 73
FM AMEMBASSY BONN
TO SECSTATE WASHDC 8980
INFO USMISSION BERLIN
AMEMBASSY LONDON
AMEMBASSY PARIS

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E.O. 11652: N/A
TAGS: ETRN, PGOV, GW, WB
SUBJECT: CIVAIR: IGS FUEL SHORTAGE

REF: BONN 16999

1. SUMMARY. PAA IS REASONABLY CONFIDENT THAT IT WILL NOT HAVE TO REDUCE IGS SERVICES TO ANY SIGNIFICANT EXTENT BEFORE JANUARY 1, BECAUSE OF CUTBACKS IN FUEL DELIVERIES. ATTEMPTS TO PURCHASE ADDITIONAL FUEL FROM BP HAVE THUS FAR PROVEN UNSUCCESSFUL (PERHAPS DUE TO PRICE CONSIDERATIONS) AS HAVE TALKS WITH BEA RE IGS FUEL ALLOCATIONS. IT IS SUGGESTED BERLIN TAKE STEPS TO ASCERTAIN LEVEL OF FUEL STOCKS PRESENTLY AVAILABLE THERE AS A BASIS FOR THE EVENTUAL INTRODUCTION OF AN ALLOCATION SYSTEM SHOULD THIS PROVE NECESSARY. WE WILL ONCE AGAIN PRESS UK EMBASSY FOR AGREEMENT TO AN
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EQUITABLE DISTRIBUTION OF FUEL TO IGS CARRIERS AND

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TO A JOINT PRESENTATION TO THE FRG AS APPROPRIATE.
END SUMMARY.

2. IN VIEW LIKELIHOOD OF WORSENING AVIATION FUEL SITUATION IN NEXT MONTH OR SO, EMBASSY SUGGESTS USBER COORDINATE WITH BRITISH AND FRENCH AUTHORITIES AN INVENTORY OF BERLIN JET FUEL STOCKS PRESENTLY ON HAND (BOTH IN THE POSSESSION OF VENDORS AND AIRLINES). THIS WOULD PROVIDE A BASIS FOR THE DEVELOPMENT OF AN ALLOCATION MECHANISM FOR THAT PART OF IGS FUEL REQUIREMENTS MET FROM BERLIN SOURCES SHOULD SUCH A STEP PROVE NECESSARY AFTER THE FIRST OF THE YEAR. WE WILL ONCE AGAIN IMPRESS UK EMBASSY HERE THAT WE EXPECT THE BRITISH TO PARTICIPATE IN AN ARRANGEMENT FOR THE EQUITABLE DISTRIBUTION OF FUEL AVAILABLE IN BERLIN AS WELL AS TO JOIN WITH US IN A JOINT PRESENTATION TO THE FRG RE THE PRIORITY ALLOCATION OF FUEL FROM FRG SOURCES FOR THE IGS. WITH RESPECT TO THE LATTER THE FRG HAS NOT YET TAKEN STEPS FOR AIRCRAFT FUEL ALLOCATIONS NOR HAVE WE ANY INDICATION THAT IT PLANS TO DO SO WITHIN THE NEXT FEW DAYS. WE WILL FOLLOW CLOSELY AND WILL BE PREPARED TO RAISE IGS NEEDS WITH THE FRG IF POSSIBLE AS A JOINT ALLIED DEMARCHE, BUT IF NECESSARY, ON OUR OWN.

3. IN A CONVERSATION THIS MORNING, NOVEMBER 29, PAA OFFICIAL GALLAGHER REPORTED THAT PAA WAS NOW REASONABLY CONFIDENT THAT IT WOULD NOT REPEAT NOT HAVE TO INTRODUCE SIGNIFICANT CUTBACKS IN IGS SERVICES UNTIL AT LEAST JANUARY 1. GALLAGHER SAID, HOWEVER, THAT PAA PROPOSED IN DECEMBER TO DROP ONE ROUND TRIP SATURDAY EVENING FLIGHT APIECE TO MUNICH, COLOGNE AND STUTTGART. THERE HAS BEEN VERY LITTLE DEMAND FOR THESE FLIGHTS AND PAA BELIEVES THERE IS LITTLE JUSTIFICATION FOR MAINTAINING THEM UNDER PRESENT CIRCUMSTANCES. WITH

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/170 W

---------- 117572

R 292034Z NOV 73
FM AMEMBASSY BONN
TO SECSTATE WASHDC 8981
INFO USMISSION BERLIN
AMEMBASSY LONDON
AMEMBASSY PARIS

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THE SAVINGS REALIZED FROM THESE MINOR REDUCTIONS, SLOWER AIR SPEEDS AND OTHER AIR TRAFFIC CONTROL ADJUSTMENTS, AND THE EXPECTED AVAILABILITY OF ADDITIONAL ESSO STOCKS IN HAMBURG DURING THE FIRST WEEK IN DECEMBER, PAA BELIEVED IT COULD NOT ONLY MAINTAIN THE REST OF ITS SCHEDULE INTACT UNTIL THE END OF THE YEAR, BUT ALSO ADD AS MANY AS 98 EXTRA SECTIONS FOR THE HOLIDAY RUSH.

4. GALLAGHER ADDED THAT PAA EFFORTS TO PURCHASE ADDITIONAL FUEL (ABOVE THAT ALREADY CONTRACTED FOR) FROM BP AT HANNOVER HAD PROVEN UNSUCCESSFUL. BP, HANNOVER APPARENTLY HAD THE ADDITIONAL FUEL AVAILABLE BUT WAS ORDERED BY ITS LONDON HEADQUARTERS NOT TO DELIVER ANY SUPPLEMENTARY STOCKS TO PAA. THE PROBLEM, ACCORDING TO GALLAGHER, IS NOT SO MUCH A LIMITED OFFICIAL USE

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SHORTAGE OF FUEL WHERE BP IS CONCERNED BUT RATHER THE FACT THAT PAA SUCCEEDED IN CONCLUDING A CONTRACT WITH BP UNDER MORE FAVORABLE PRICE TERMS THAN THOSE IT HAD GOTTEN FROM ESSO. TRADE SOURCES HAVE TOLD PAA THAT IN ALL LIKELIHOOD BP WOULD BE WILLING TO SELL ADDITIONAL FUEL IF PAA WOULD PAY AT LEAST AS MUCH AS IT CONTRACTED TO PAY ESSO. GALLAGHER SAID THAT THE QUESTION OF NEGOTIATING FOR FUEL WITH BP AT HIGHER PRICE LEVELS HAD ALREADY BEEN REFERRED TO PAA HEADQUARTERS IN NEW YORK.

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5. PAA BERLIN FURTHER REPORTED THAT BEA HAD NOT RESPONDED TO DIRECTOR RUNNETTE'S INQUIRIES EARLIER IN THE WEEK REGARDING FUEL SHARING (REFTEL). GALLAGHER SEEMED TO FEEL THAT BEA'S MANAGER WAS STALLING SINCE ALL ATTEMPTS TO REACH HIM THUS FAR THIS WEEK HAVE PROVED UNSUCCESSFUL.

6. PAA HAS NOT YET APPLIED FORMALLY TO THE CAA'S TO ELIMINATE THE WEEKEND SERVICES CITED IN PARA ONE; HOWEVER, WE SEE NO OBJECTIONS TO DROPPING THESE FLIGHTS, GIVEN PAA'S ASSERTION THAT PASSENGER DEMAND HAS BEEN LIMITED.
HILLENBRAND

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSERVATION, BERLIN AIR ACCESS, JET FUEL, AIR SCHEDULES, SUPPLEMENTAL AIRLINES
Control Number: n/a
Copy: SINGLE
Draft Date: 29 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BONN17228
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973116/aaaaaeeo.tel
Line Count: 183
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: BONN 16999
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 01 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01-Aug-2001 by boyleja>; APPROVED <26-Sep-2001 by garlanwa>
Review Markings:

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EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR: IGS FUEL SHORTAGE
TAGS: ETRN, PGOV, GE, WB, PAA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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